

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|---------------------------------------|---|---------------|
| KENTUCKY INDUSTRIAL UTILITY CUSTOMERS |) | |
| |) | |
| COMPLAINANT |) | |
| |) | |
| v. |) | CASE NO. 9847 |
| |) | |
| LOUISVILLE GAS AND ELECTRIC COMPANY |) | |
| |) | |
| DEFENDANT |) | |

O R D E R

On December 19, 1986, the Kentucky Industrial Utility Customers ("KIUC") filed a complaint asking the Commission to conduct an investigation of the reasonableness of the rates of Louisville Gas & Electric Company ("LG&E"). KIUC states that LG&E's authorized cost of capital, particularly its cost of common equity, is too high in view of current capital markets and interest rates, and that the rates charged KIUC members are unjust and unreasonable since they are designed to produce a rate of return higher than warranted by current market conditions. KIUC requested that the Commission adjust LG&E's rates to reflect the lower cost of capital since the last rate case.

The Commission, on review of KIUC's complaint and other available information finds that:

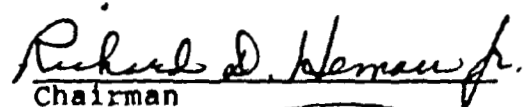
1. KIUC has included no analysis of LG&E's current cost of capital or LG&E's current earnings to substantiate its request for the Commission to initiate hearings to adjust LG&E's rates.

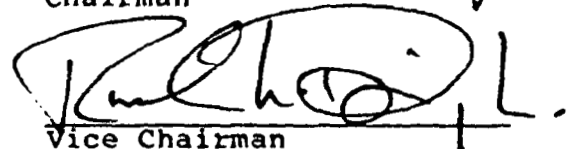
2. The Commission staff monitors the earnings of LG&E and other jurisdictional utilities on a monthly basis to determine whether an adjustment to existing rates is needed. This information is then submitted to the Commission for review. The Commission has instructed the staff to continue this analysis of utilities' earnings and to keep the Commission fully advised.

IT IS THEREFORE ORDERED that this case be and it hereby is dismissed without prejudice.

Done at Frankfort, Kentucky, this 2nd day of February, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director